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MARSHAL OF CITY COURT
OF DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

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November 14, 2008

Independent Auditor's Report

Mr. Steve Achord
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two, a component unit of the City of Denham Springs, as of and for the year ended June 30, 2008, which collectively comprise the Marshal's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Marshal. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two as of June 30, 2008, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated November 14, 2008, on our consideration of the Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages three through six is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Harris J. Bourgeois, CPA



MARSHAL
STEVE ACHORD

WARD TWO MARSHAL
CITY COURT OF DENHAM SPRINGS
LIVINGSTON PARISH, LOUISIANA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Marshal of City Court of Denham Springs-Ward Two's (Marshal) financial performance provides an overview of the Marshal's financial activities for the year ended June 30, 2008. Please read it in conjunction with the Marshal's financial statements, which begin on, page 7.

FINANCIAL HIGHLIGHTS

The Marshal's net assets decreased by \$ 22,254 or approximately 18.8%.

The Marshal's total program revenues were \$468,092 compared to \$402,550 last year. An increase of \$65,542 or 16.3%.

Total expenses for the Marshal's Office during the year ending June 30, 2008 was \$491,383 compared to \$454,112 last year. An increase of \$37,271 or 8.21%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (pages 7 and 8) provide information about the Marshal's activities as a whole. The Balance Sheet for Governmental Funds (page 9) details the assets and liabilities of the governmental funds while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets (page 10) shows why the amounts reported for governmental activities in the Statement of Net Assets are different. Pages 11 and 12 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 13) reconciles net changes in fund balances to change in net assets of the Governmental Activities. Pages 14 and 15 reflect the differences in the adopted and actual budgets. The major differences in revenues was caused by the increase in court cost revenues, because of the increase of the number of citations issued by the police officers and charges filed. The difference in expenditures was caused by a major increase in salaries expenses, due to an increase in pay rate in the beginning of the fiscal year and an increase in supplemental pay, an increase to insurance due to the Marshal's office joining the Law Enforcement Liability Insurance policy, and an increase in miscellaneous expense due to the Marshal's office purchasing card/lock readers for all employees. Notes to Financial Statements as a form of explanation follow on pages 16 through 23. The Marshal is an independent elected official. However, since the Marshal's office is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as reimbursements of a portion of its salaries, the Marshal is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the Marshal.

REPORTING THE FUNDS MAINTAINED BY THE MARSHAL OF CITY COURT OF DENHAM SPRINGS-WARD TWO AS A WHOLE:

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the Marshal as a whole begins on page 7. The Statement of Net Assets and Statement of Activities report information about the funds maintained by the Marshal as a whole and about its activities in a way which helps answer one of the most important questions asked about the Marshal's finances, "Is the Marshal, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the Marshal's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the Marshal's financial position or financial health and over time, increases or decreases in the net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the Marshal as governmental activities in the Statement of Net assets and Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid and benefits, office expenses, contract services, memberships and educational conferences. Court cost and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council finance most of the activities of the Marshal.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The Marshal's total net assets change from a year ago, decreased from \$118,293 to \$96,039.

By far the largest portion of the Marshal's net assets (60 %) is in cash and investments. Because of this the Marshal is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

TABLE I
TOTAL NET ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets	\$ 62,781	\$101,654
Capital Assets	<u>45,044</u>	<u>33,881</u>
Total	107,825	135,535
Current Liabilities	11,786	17,242
Net Assets:		
Investments in Capital Assets	45,044	33,881
Unrestricted	<u>50,995</u>	<u>84,412</u>
Total Net Assets	<u>\$96,039</u>	<u>\$118,293</u>

Net assets of the funds maintained by the Marshal's governmental activities decreased by \$22,254, or approximately 19%. Unrestricted net assets, the part of net assets that can be used to finance the Marshal's expenses without constraints or other legal requirements, decreased by \$33,417 from \$84,412 at June 30, 2007 to \$50,995 at June 30, 2008.

TABLE 2
CHANGE IN NET ASSETS
Governmental Activities

	<u>2008</u>	<u>2007</u>	Increase (Decrease)
Revenues:			
Program Revenues:			
Court Costs and Fees and			
Operating Grants and			
Contributions	\$468,092	\$402,550	\$ 65,542
Interest Income	<u>1,037</u>	<u>2,305</u>	<u>(1,268)</u>
Total Revenues	469,129	404,855	64,274
Expenses:			
General Governmental Judicial Expense	<u>491,383</u>	<u>454,112</u>	<u>37,271</u>
Increase (Decrease) in Net Assets	\$ <u>(22,254)</u>	\$ <u>(49,257)</u>	\$ <u>27,003</u>

During the fiscal year ended June 30, 2008 Court Costs and Fees received increased by \$49,730 or approximately 21.3% due to an increase in the number of tickets issued and processed in the current fiscal year, while Operating Grants and Contributions increased by \$15,812 or approximately 9.4%.

Expenses, excluding depreciation expense of \$17,139, increased by \$34,160 or approximately 7.75%. Salaries and benefits increased by \$23,819 due to pay rate increases in the beginning of the fiscal year and increases in group insurance rates, insurance increased \$5,040 due to the Marshal's office joining the Law Enforcement Liability Insurance policy, and miscellaneous expense increased \$1,528 due to the Marshal's office purchasing card/lock readers for all employees. All other expenses remained fairly consistent with the prior year.

CAPITAL ASSETS

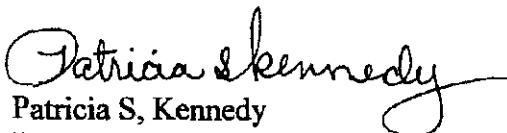
The one major addition to Capital Assets in the current fiscal year was an additional vehicle.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Marshal's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2009. As minimal changes are expected in the next fiscal year, anticipated revenues will be approximately \$444,673, while anticipated expenditures will be approximately \$432,450. Therefore, the total governmental fund balance is expected to increase by approximately \$12,223.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the Marshal of City Court of Denham Springs-Ward Two and to show the accountability for the money it receives. If you have any questions or need additional financial information, contact the Marshal's of office at 398 Mayor Herbert Hoover Ave., Denham Springs, Louisiana 70726.


Patricia S. Kennedy
Deputy Marshal/Officer Manager
City / Ward Two Marshal's Office

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET ASSETS

JUNE 30, 2008

With Comparative Totals as of June 30, 2007

ASSETS

	Governmental Activities	
	2008	2007
Cash and Cash Equivalents	\$ 35,502	\$ 30,729
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	22,265	65,225
Accrued Interest Receivable	59	532
Other Receivable	-	979
Due from Other Governments	4,955	4,189
Capital Assets (Net of Accumulated Depreciation)	45,044	33,881
Total Assets	<u>\$ 107,825</u>	<u>\$ 135,535</u>

LIABILITIES

Accounts Payable	\$ 1,643	\$ 12,468
Accrued Liabilities	998	-
Due to Primary Government	8,704	3,396
Payroll Taxes Payable	441	1,378
Total Liabilities	<u>11,786</u>	<u>17,242</u>

NET ASSETS

Investment in Capital Assets	45,044	33,881
Unrestricted	50,995	84,412
Total Net Assets	<u>96,039</u>	<u>118,293</u>
Total Liabilities and Net Assets	<u>\$ 107,825</u>	<u>\$ 135,535</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

<u>Governmental Activities:</u>	<u>Total Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Expenses:		
Judicial:		
Salaries, Fees Paid and Benefits	\$ 393,536	\$ 369,717
Office Expenses	36,999	28,228
Contract Services	32,464	32,185
Memberships and Educational Conferences	11,245	9,954
Depreciation	<u>17,139</u>	<u>14,028</u>
Total Expenses	491,383	454,112
Program Revenues:		
Court Costs and Fees	283,129	233,399
Operating Grants and Contributions	<u>184,963</u>	<u>169,151</u>
Net Program Revenues (Expenses)	(23,291)	(51,562)
General Revenues:		
Interest Income	<u>1,037</u>	<u>2,305</u>
Change in Net Assets	(22,254)	(49,257)
Net Assets - Beginning of Year	<u>118,293</u>	<u>167,550</u>
Net Assets - End of Year	<u>\$ 96,039</u>	<u>\$ 118,293</u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2008

With Comparative Totals as of June 30, 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Assets:		
Cash and Cash Equivalents	\$ 35,502	\$ 30,729
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	22,265	65,225
Accrued Interest Receivable	59	532
Other Receivable	-	979
Due from Other Governments	<u>4,955</u>	<u>4,189</u>
Total Assets	<u>\$ 62,781</u>	<u>\$ 101,654</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 1,643	\$ 12,468
Accrued Liabilities	998	-
Due to Primary Government	8,704	3,396
Payroll Taxes Payable	<u>441</u>	<u>1,378</u>
Total Liabilities	11,786	17,242
Fund Balance:		
Unreserved	<u>50,995</u>	<u>84,412</u>
Total Fund Balance	<u>50,995</u>	<u>84,412</u>
Total Liabilities and Fund Balance	<u>\$ 62,781</u>	<u>\$ 101,654</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2008

With Comparative Totals as of June 30, 2007

	<u>2008</u>	<u>2007</u>
Fund Balances - Total Governmental Fund	\$ 50,995	\$ 84,412
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	197,385	169,083
Less: Accumulated Depreciation	<u>(152,341)</u>	<u>(135,202)</u>
	<u>45,044</u>	<u>33,881</u>
Net Assets of Governmental Activities	\$ <u>96,039</u>	\$ <u>118,293</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Charges for Services:		
Court Costs and Fees	\$ 277,794	\$ 230,805
Bond Preparation Fee	864	1,304
Bond Surrender Fee and Bond Forfeiture	<u>4,471</u>	<u>1,290</u>
	283,129	233,399
Intergovernmental Revenues -		
On Behalf Payments	90,377	76,076
Primary Government - City of Denham Springs	53,701	52,343
Livingston Parish Council	40,032	39,732
Grant Revenue	853	1,000
Interest Income	<u>1,037</u>	<u>2,305</u>
Total Revenues	469,129	404,855
Expenditures:		
Judicial:		
Salaries, Fees Paid and Benefits:		
Salaries	352,348	332,617
Payroll Tax Expense	22,798	20,115
Retirement Expense	<u>18,390</u>	<u>16,985</u>
	393,536	369,717
Office Expenses:		
Office Supplies and Printed Forms	4,615	5,632
Telephone	9,448	10,990
Postage	1,110	981
Miscellaneous	6,923	2,409
Insurance	12,907	7,201
Uniforms	<u>1,996</u>	<u>1,015</u>
	36,999	28,228

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

Expenditures (Continued):	<u>2008</u>	<u>2007</u>
Judicial (Continued):		
Contract Services:		
Professional Fees	4,025	3,500
Service Contract	2,095	2,322
Equipment Rental	2,408	3,443
Maintenance	975	547
Vehicle Expense	<u>22,961</u>	<u>22,373</u>
	32,464	32,185
Memberships and Educational Conferences:		
Membership Dues and Subscriptions	575	575
Training	<u>10,670</u>	<u>9,379</u>
	11,245	9,954
Capital Outlay	<u>28,302</u>	<u>1,747</u>
Total Expenditures	<u>502,546</u>	<u>441,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,417)	(36,976)
Fund Balance - Beginning of Year	<u>84,412</u>	<u>121,388</u>
Fund Balance - End of Year	\$ <u><u>50,995</u></u>	\$ <u><u>84,412</u></u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2008
With Comparative Totals for the Year Ended June 30, 2007**

	<u>2008</u>	<u>2007</u>
Net Change in Fund Balance - Total Governmental Fund	\$ (33,417)	\$ (36,976)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense exceeded (was less than) depreciation expense in the current period.</p>		
	<u>11,163</u>	<u>(12,281)</u>
Change in Net Assets of Governmental Activities	\$ <u>(22,254)</u>	\$ <u>(49,257)</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Charges for Services:				
Court Costs and Fees	\$ 287,700	\$ 279,000	\$ 277,794	\$ (1,206)
Bond Preparation Fee	1,850	6,500	864	(5,636)
Bond Surrender Fee and Bond Forfeiture	<u>3,000</u>	<u>4,050</u>	<u>4,471</u>	<u>421</u>
	292,550	289,550	283,129	(6,421)
Intergovernmental Revenues -				
On Behalf Payments	70,910	70,910	90,377	19,467
Primary Government - City of				
Denham Springs	48,210	48,210	53,701	5,491
Livingston Parish Council	40,000	40,000	40,032	32
Grant Revenue	900	900	853	(47)
Interest Income	<u>500</u>	<u>4,000</u>	<u>1,037</u>	<u>(2,963)</u>
Total Revenues	453,070	453,570	469,129	15,559
Expenditures:				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	350,000	308,000	352,348	(44,348)
Payroll Tax Expense	20,000	23,000	22,798	202
Retirement Expense	<u>10,000</u>	<u>22,756</u>	<u>18,390</u>	<u>4,366</u>
	380,000	353,756	393,536	(39,780)
Office Expenses:				
Office Supplies and Printed Forms	5,000	3,500	4,615	(1,115)
Telephone	10,000	8,700	9,448	(748)
Postage	1,500	1,200	1,110	90
Miscellaneous	2,000	13,000	6,923	6,077
Insurance	16,000	14,950	12,907	2,043
Uniforms	<u>2,000</u>	<u>2,000</u>	<u>1,996</u>	<u>4</u>
	36,500	43,350	36,999	6,351

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (Continued):				
Judicial (Continued):				
Contract Services:				
Professional Fees	3,000	4,100	4,025	75
Service Contract	1,500	2,300	2,095	205
Equipment Rental	3,500	2,500	2,408	92
Maintenance	1,700	1,850	975	875
Vehicle Expense	10,500	17,600	22,961	(5,361)
	20,200	28,350	32,464	(4,114)
Memberships and Educational Conferences:				
Membership Dues and Subscriptions	600	600	575	25
Training	8,000	13,500	10,670	2,830
	8,600	14,100	11,245	2,855
Capital Outlay	6,000	27,300	28,302	(1,002)
Total Expenditures	451,300	466,856	502,546	(35,690)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,770	(13,286)	(33,417)	(20,131)
Fund Balance - Beginning of Year	84,412	84,412	84,412	-
Fund Balance - End of Year	<u>\$ 86,182</u>	<u>\$ 71,126</u>	<u>\$ 50,995</u>	<u>\$ (20,131)</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note 1 - Summary of Significant Accounting Policies -

The General Fund of the Marshal of City Court of Denham Springs - Ward Two (the "Marshal") was created to account for revenues received from the Criminal Docket of City Court of Denham Springs - Ward Two.

The accounting and reporting policies of the Marshal of City Court of Denham Springs - Ward Two conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

For reporting purposes the City of Denham Springs, Louisiana, serves as the financial reporting entity for both the municipality (City of Denham Springs) and for the Ward Two Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and City Council of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City governing authority (Mayor and City Council) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.
4. Imposition of will by the City on the potential component unit.
5. Financial benefit/burden relationship between the City and the potential component unit.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

Based on the previous criteria, City Management has included the Marshal of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshal is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the Marshal of City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs government-wide financial statements for the year ended June 30, 2008.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Marshal's basic financial statements include both government-wide (reporting the Marshal as a whole) and fund financial statements (reporting the Marshal's major fund – the General Fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the Marshal categorized as a business type activity.

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Marshal's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc).

The Marshal does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Marshal as an entity and the change in the Marshal's net assets resulting from the current year's activities.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Marshal are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The Marshal uses the following fund types:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Marshal:

- 1) The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2008, it is the only fund of the Marshal.

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Marshal consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Vehicles	5 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Office improvements	20 years

E. Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal, prepared on the modified accrual basis of accounting by the Marshal, was adopted by the Marshal on April 27, 2007, for the fiscal year ended June 30, 2008. All appropriations lapse at year-end. The original budget adopted April 27, 2007, was amended on April 25, 2008 for the fiscal year ended June 30, 2008.

F. Accumulated Unpaid Vacation and Sick Pay

The Employees of the Marshal of City Court of Denham Springs - Ward Two are not allowed to accumulate vacation or sick time.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2008, the Marshal had no outstanding debt.

I. Reclassifications

Certain amounts presented in the 2007 columns have been reclassified from prior year's presentation to conform to the current year classifications.

Note 2 - Deposits and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of 90 days or less. Investments include certificates of deposit with maturities over 90 days. Under state law the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Marshal may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2008, the carrying amount of the Marshal's Cash and Cash Equivalents and Investments totaled \$57,767, and the confirmed bank balances were \$124,106. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The cash and cash equivalents at June 30, 2008, were secured as follows:

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 35,502	\$ 22,265	\$ 57,767
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	-	-	-
Total Category 3 Bank Balances	\$ -	\$ -	\$ -
Total Bank Balances (Regardless of Category)	\$ 101,841	\$ 22,265	\$ 124,106

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. As of June 30, 2008, none of the Marshal's bank balance of \$124,106 was exposed to custodial credit risk because it was completely insured by FDIC.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

Note 3 - Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2008 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Office Equipment	\$ 25,465	\$ 3,365	\$ -	28,830
Furniture and Fixtures	9,377	2,335	-	11,712
Machinery and Equipment	41,983	813	-	42,796
Vehicles	87,847	21,789	-	109,636
Leasehold Improvements	<u>4,411</u>	<u>-</u>	<u>-</u>	<u>4,411</u>
Totals	169,083	28,302	-	197,385
Less Accumulated Depreciation for:				
Office Equipment	21,818	1,826	-	23,644
Furniture and Fixtures	9,324	364	-	9,688
Machinery and Equipment	29,025	4,070	-	33,095
Vehicles	73,213	10,661	-	83,874
Leasehold Improvements	<u>1,822</u>	<u>218</u>	<u>-</u>	<u>2,040</u>
Total Accumulated Depreciation	<u>135,202</u>	<u>17,139</u>	<u>-</u>	<u>152,341</u>
Capital Assets, Net	<u>\$ 33,881</u>	<u>\$11,163</u>	<u>\$ -</u>	<u>\$ 45,044</u>

Depreciation expense was charged to governmental activities as follows:

Judicial	<u>\$ 17,139</u>
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MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

Note 4 - Retirement Commitments -

Employees of the Marshal of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshal's office as a percentage of salaries. Beginning January 1, 2007, the contribution rate for the employer was 6.00% of covered earnings and the rate for the employee was 3.00% of covered earnings. For the fiscal year ended June 30, 2008, the Marshal contributed \$18,390. Data concerning the actuarial status of the system at June 30, 2008, is not currently available.

All employees of the Marshal's office are also covered by the Social Security System. The Marshal's office contributed \$22,798 to the System in fiscal year 2008, as its share of employer contributions.

Note 5 - On-Behalf Payments for Salaries and Benefits -

The Marshal follows Government Accounting Standards Board Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Marshal to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana, the City Court of Denham Springs - Ward Two, and the Livingston Parish Council. These payments were made directly to the Marshal and his employees.

The Marshal is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by each of the entities to the Marshal and the employees.

For the fiscal year ended June 30, 2008, State supplemental payments to the Marshal and employees amounted to \$35,700 while payments from the City Court and the Livingston Parish Council amounted to \$35,368 and \$19,309, respectively.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



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November 14, 2008

Mr. Steve Achord
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities and the major fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2008, which collectively comprise the Marshal's basic financial statements, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marshal's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marshal's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Marshal of City Court of
Denham Springs - Ward Two

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant in internal control over financial reporting identified as item 2008-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be a significant deficiency and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above, is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2008-2.

The Marshal's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Marshal's response and, accordingly, we express no opinion on it.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, and its distribution is not limited.

Respectfully submitted,

Harold J. Bourgeois, CPA

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2008

Current Year Findings:

(A) Findings – Internal Control over Financial Reporting

Finding 2008-01:

Because of a limited number of available personnel in the Marshal's office, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. This was also a finding in the prior year.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. However, there should be controls in place to compensate for these lack of segregation of duties.

Action Plan:

None considered necessary.

(B) Findings – Compliance and Other Matters

Finding 2008-02:

State Law (LSA-R.S. 39:1310) requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. Although the Marshal amended the original budget, the amended budget was still not in compliance with the State Law, as actual expenses of the general fund exceeded budgeted expenditures by a greater than 5% variance.

<u>Amended Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Unfavorable Variance</u>	<u>Percentage Unfavorable Variance</u>
<u>\$ 466,856</u>	<u>\$ 502,546</u>	<u>\$ (35,690)</u>	<u>7.6%</u>

Recommendation:

We recommend that the Marshal's office familiarize themselves with all of the provisions of the Louisiana Local Government Budget Act to make sure all relevant statutes are followed in the future. We also recommend that the Marshal more closely monitor expenditures throughout the year to better able themselves to properly adhere to their amended budget.

Management's Response:

In the future, the Marshal's office will closely watch the expenditures throughout the year and will refresh their knowledge of the Louisiana Local Government Budget Act so they can make sure all statutes are followed and be able to correctly stick to the amended budget.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2008

Prior Year Finding:

Finding 2007-01:

This finding related to segregation of duties issues due to the limited number of office staff. This same concern is addressed in the current year findings.